

FINAL Meeting Minutes

PARK ACQUISITION CORPORATION

Regular Meeting

7:00 PM

Wednesday, August 3, 2016

Fireside Room, 100 Marin Valley Drive, Novato, CA

ATTENDEES:

- Board Members: Larry Cohen, John Hansen, Peggy Hill, David King, Jay Shelfer
- 14 Non-Board Residents
- Park General Manager: Matt Greenberg
- Recording Secretary: Susan Windman

CALL TO ORDER: 6:55 PM

A. APPROVAL OF FINAL AGENDA

Motion made and seconded to approve the final agenda. Motion voted on and passed 5-0.

B. PUBLIC COMMENTS (for issues not on the agenda)

- Anila Manning alerted the Board that the MVMCC website has been hacked. Anila will look into options for fixing the website.
- Joseph Avila indicated that the copy machine in the Library needs to be placed lower so residents can reach it.

C. CONSENT CALENDAR

1. Receive approved minutes of June 4, 2016 meeting.

Motion made and seconded to receive the approved June 4, 2016 minutes. Motion voted on and passed 5-0.

2. Approve minutes of July 6, 2016.

Peggy had the following correction:

Regarding agenda item E-3 (page 3), replace “John and Larry had no objections” with “Board members had no objections.”

Motion made and seconded to approve the July 6, 2016 minutes. Motion voted on and passed 5-0.

D. REPORTS

1. PAC Treasurer's Report (Larry Cohen)

Larry presented the following PAC Treasurer's report, as of end of July 2016:

PAC Final Balance	\$6,214.46
PAC Actual Balance	\$2,246.96
Humanitarian Fund Starting and Final Balance	\$3,967.50
Total Spent Current Fiscal Year	\$ 223.68

2. MVMCC Administration and Finance Report, and report of Finance Committee (David King)

David presented a fiscal year (2015-2016) final report summary:

- 1) There is almost \$4M in reserves. \$519K has been added this last fiscal year. In just the last three fiscal years, \$1.9M has been added. The average per year is about \$630K.
- 2) This last year, there was about \$12K in Investment Income. David computed that to be about 3/1000's of 1% (.0003). Banks are offering .05.
- 3) Excluding utilities, capital expenses and debt service, MVMCC operating expense increases for the last two years have been 1.3%.

Jay asked Board members to accept the report and all members responded affirmatively.

3. Rent Equalization/Differential Committee report (David King)

David King indicated he would present the Rent Equalization/Differential Committee report when the associated motion is discussed later in the meeting (agenda item F-2).

4. Project Planning report (John Hansen)

John Hansen had nothing to report. Jay is part of the Committee and mentioned most of the projects are currently fully vested (nothing is pending for the moment). Matt will provide project status info when he gives his report (agenda item D-7).

5. MVEST report (John Hansen)

John Hansen provided the following MVEST update:

- Trainings are being offered at least once/month. Incident Command was just held. Radio, CERT, and First Aid for Disaster Responder trainings are coming up.
- John Hansen reiterated to Board members that MVEST needs more membership in their steering committee. John Feld at the last meeting voiced this concern.

Larry thanked MVEST and, especially, John Hansen for all the work they've done helping prepare the Park for emergencies occurring now and in the future. (Meeting attendees clapped.)

John Feld mentioned that MVEST meets each Monday at 7 pm in the Fireside room.

6. City of Novato update (Jay Shelfer)

Cathy Capriola has temporarily taken over the City Manager role but has not applied to take on this position permanently. There is uncertainty as to who will take over City leadership roles. However, all projects involving the City's engineering department are already in progress.

Connie (Park resident) indicated she just received email that a City Manager has been appointed. A Board member responded he comes from Fortuna and will start in October.

7. Maintenance and Capital Projects: PG&E path update, PG&E infrastructure update, swimming pool, guest parking, etc. (Matt Greenberg)

Matt provided the following update regarding Park maintenance and capital projects:

- Over the last few weeks, many retaining walls have been graded. However, they have not yet been started. Matt is determining which walls will need permits. Matt has a system set up with HCD (Housing & Community Development) in which a Park permit is handled over the counter without a wait (Matt received a three-year blanket permit for the Park).
- PG&E path – Matt has been regularly visiting the path. Vegetation removal is nearly complete. The fence is being laid out. The fence will be 5 feet high and tiered (depending on the surrounding slope).
- PG&E path – Matt brought samples – gold (dirt)-colored and gray-colored -- of the decomposed granite material proposed for the path, for meeting attendees to give feedback on. Residents and Board members, unofficially, indicated preference for the “gold.”

- Air conditioning system – Matt is close to awarding the contract for the system. Peggy asked Matt if the potential contractor(s) can also give an estimate for having air conditioning in the exercise room. Jay asked about the heat pumps planned for the ballroom, which would be 10-15 feet above the floor. Matt added there will be four areas in the ballroom with them, each independently operated and efficient.
- Swimming pool – The annual Environmental Health inspection is occurring tomorrow. Also, Matt will need to close the pool again (for a week to 10 days) to replace the problematic equipment, including the filtration system that is continually failing. The salt water system would also be put in at the same time. Everything would be removed from the equipment room, the equipment room would be tiled and fixed up, and new equipment installed.
- MVMCC infrastructure – Matt has received a 62 page draft plan he’s not supposed to share (because it is a draft), however Matt gave copies of the table of contents to Board members. The plan is due out in October.
- Guest parking – Guest parking is better than it was, but the guest spaces seem to be filling up again. Some cars have been ticketed. No more storage contracts are being issued.

Board members had the following questions/comments:

- Jay asked if the BkF report addresses the quality of what currently exists below-ground or is a rehash of the analytic work done several years ago. Matt replied he thinks the report is both a conditions report that looks at the existing conditions of the infrastructure and also a cost report. The document includes details but does not appear to be site-specific.
- David King asked about the pump stations and Matt confirmed there is a section in the report that addresses them.
- John would like to see solid research data that verifies current conditions. Matt suggested asking, at the 2x2 meeting, for permission to view the draft report. Matt also mentioned he doesn’t believe underground conditions have changed much since field work was done in 2011. The infrastructure has been maintained, especially with the added cathodic protection, and leaks are being immediately fixed when found. He thinks the system is actually in pretty good shape.
- Jay wondered about going directly to the City engineers for questions. Matt feels the best engineers to ask would be the ones involved with the report. Jay, Matt and David discussed having a meeting with these engineers. David requested that a financial person (himself) be present at the review meeting of the new infrastructure report with the City staff and consultants. Jay said that would mean that it would have to be at a PAC Board meeting and David agreed.

Residents had the following questions/comments:

- A resident wondered about the cost of air conditioning the ballroom. Matt indicated the work would cost around \$40,000, which includes the electrical work.
- A resident indicated his discomfort with spending money on infrastructure without information about the current situation, such as the state of the pipes in the ground.
- A resident indicated that if PG&E does work within the retaining walls, that there be an amount that guarantees that the residents' environment will be returned as it was to start.
- A resident asked about the outdoor shower for the pool area. Matt responded he mentioned it to the City and that it would be pretty expensive. Board members mentioned the topic is on the agenda.

E. OLD BUSINESS

1. Establishing the PAC Board attendees and the length of term for the coming year for the 2x2 discussion group with City staff (Jay Shelfer)

Jay spoke with Brian Cochran and Veronica (City attorney). It is possible to have a six month term for a PAC Board member to participate in the 2x2 meeting. Their concern is adhering to the Brown Act. David responded to John's comment that Veronica was not sure about six month terms for 2x2 PAC Board attendees. David recalled Veronica's email in which she stated she was willing to do the six month term.

John Hansen has no problem having those Board members already experienced with the 2x2 meetings to continue to attend.

Peggy feels ok with the situation as is. The 2x2 meetings have been going on for 2-3 years and have been very successful. Peggy feels satisfied when she receives the 2x2 report at Board meetings.

David feels a financial person should be involved with the 2x2. David read from his notes, copied below:

Notes for the Financial Person attending the 2x2s:

- 1) A Financial Person with the depth of understanding of the finances should be present at all the 2x2's to discuss all issues that affect the finances. At a minimum, the financial person should attend for this fiscal year half of the 2x2's leading up to the budget meeting(s). If there are five meetings the last two, and if

six the last three. This allows for increased visibility and creditability both to and from the Financial Person and the City Staff. This is a productive and appropriate knowledge base to be at the meetings with City Staff, especially leading up to the budget meetings. Budget and budgetary issues, Rent Differential, Rent Assistance, Short term Capital Projects, LTI Project, and Owner Expense are all important.

It should be noted that I plan to have meetings directly with Al Frei and Sheryl in Sacramento (with PAC Board approval if needed) to review trends, rent increases, etc., with Stephen attending if he is available before the last series of 2x2s, as I want the PAC Board to be more involved in the up-front budget creation.

- 2) This does not minimize the need for one longer term member of the PAC Board attending as well. One who has historical perspective from prior years.
- 3) If a split session is accepted by the PAC Board for the 2x2s, it expands the possibilities for more PAC Board members attending in future years.

Peggy made a motion to continue the one-year, 2x2 meeting term (for at least this year). Jay mentioned he likes the continuity of having the same PAC Board members attend the 2x2.

Peggy's motion was voted on and passed 4-1 (David King voted "No").

Three Board members – Jay, Larry, David -- indicated interest in being involved with the 2x2 meeting.

John Hansen made a motion to vote on each of the candidates and a vote was taken. Jay received 4 "yes" votes, Larry received 3, David received 2. Result of vote: Jay and Larry will participate in the 2x2.

Residents and Board members discussed the length of serving on the 2x2 committee. Board members decided to ask the City for their feedback on the issue of term length.

2. Request for topics of discussion for the 2x2 meetings (Jay Shelfer)

Jay will post the 2x2 meeting agenda in the Clubhouse and in the Echo. At each PAC Board meeting, Jay asks for 2x2 discussion requests.

Board members and residents made the following requests:

- Peggy would like the topic of having a financial person on the 2x2 discussed at the 2x2.

- David made two requests. He would like the topic of rent assistance discussed. He also wants an accounting that is more detailed than what is presented in the management report. (However, he does not want financial aspects of the Owner's expenses discussed at the 2x2.) Jay suggested that David speak with Brian for a better accounting.
3. Discuss the probable costs and viability of installing an outdoor shower in the pool area (Jay Shelfer)

Jay asked Matt to provide information about the outdoor shower. Matt indicated he asked the Landscape Architect about ADA requirements and the cost of putting in such a shower. The total cost would be around \$25,000, minus sewer and façade work.

John commented that with such a high cost it's a non-starter. Larry agreed with John. Peggy is fine with the outdoor shower. David doesn't know how many residents want the shower, but if many want it the idea should be looked at to see how it could happen. Jay doesn't want to give up on the idea yet, especially since it helps encourage hygiene for the pool area. Jay would like the Planning Committee to look further at it.

Matt would need to look further into the idea and at the budget. He mentioned that a non-ADA outside shower could be built for around \$9500.

F. NEW BUSINESS

1. Motion to request/authorize a meeting, with a list of topics to be discussed (including a long term financial plan for MVMCC) by the Finance Committee with Brian Cochran (David King)

David's motion is for one meeting by the Finance Committee with Brian Cochran (City of Novato). In next month's agenda, David will add to the motion to have six meetings per year.

David provided a handout describing the proposed meeting topics (see below):

 Summary of Proposed Meeting with Brian Cochran

Duration of Meeting: 1 Hour

To Discuss/Review the following:

- 1) Long Term Financial Plan Spreadsheet (30 minutes) – Primarily to show how the Infrastructure Project would be funded without rent increases. To be able to prove to City Council members that we are not kicking the can down the road. The spreadsheet has been reviewed by Stephen and he concurs. Once assumptions are reviewed by Brian and vetted by Brian (and Cathy if needed), it would be shown individually to the City Council members before the October City Council meeting.
 - 2) Review 2015-2016 Fiscal Year Investment Income (15 minutes) – Investment income for the year was \$11,736 or 3/100's of 1 per cent using average investment of \$3.5M for the year. Investment Interest for prior three years: \$198K, \$0, \$0.
 - 3) Management Report, June 2016 (10 minutes) – a) 59900 – inconsistency in reporting in the Management Report versus Budget documents, b) 81000 – Park Improvement (what is this?), c) other Management Report questions
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Dave mentioned one goal would be a long term financial plan. Dave also feels more investment information is needed. He additionally noted an inconsistency in an item in the June Management Report.

Board members had the following questions/comments:

- John asked David who he is representing at the meeting.
- Peggy wondered if David would be asking questions vs. demanding. Dave responded he would be a collaborative meeting. Peggy also voiced concern David may make decisions prior to discussion with the PAC Board.
- Larry is concerned about the number of City meetings and cost of them. Until the Infrastructure report is received, discussions will be an intellectual exercise.
- Jay indicated he appreciates Dave's work. He would want Dave to restrict himself to the two specific questions and first vet other topics with PAC.

Several residents indicated support for Dave's efforts.

David King's motion to request/authorize a meeting – to discuss the 3 topics listed on the sheet – was voted on and passed 5-0.

2. Motion to request/authorize a 30-45 minute presentation (based on Judy Vucci's White Paper Report presented to the PAC Board in September) by the Rent Equalization Committee Liaison to Novato City Staff (David King)

David indicated the motion is only for the PAC Board to authorize Dave for the meeting.

Jay mentioned the City Attorney had voiced concern about the part of Judy Vucchi's report that includes personal/confidential information on several residents. Jay asked Dave if that information has been removed. David replied it has been removed.

Jay asked what would be stated in the presentation. Dave summarized the topics, recommendations, and solution. Jay indicated he doesn't think the presentation should be stated as having PAC Board approval.

John mentioned it would be better, as a matter of procedure, to first provide PAC with at least an outline of what would be presented.

Peggy feels there might be better success if the Committee were just going to the City to get their feedback on legal requirements and viability of the plan itself. Larry feels the City is already very knowledgeable about the history and that solutions and legalities are what should be talked about.

Jay indicated that Vucchi's report has already been available to City staff and the attorney. Jay thinks the presentation is fine for information purposes but not as an indication of PAC Board authorization.

Jay feels solutions should be looked at with City staff but shouldn't be presented as having PAC approval unless first approved by PAC.

Dave mentioned the option of not raising resident rents has not been looked at before by the City. Dave added that the presentation would list options previously looked at and why they were rejected, and would show the option the Committee has come up with and why, and what the Committee would feel would be appropriate. That's what would be presented.

Peggy added that it could be emphasized to the City that PAC has not agreed to any of this and that it's an information meeting.

Erma would like to see solutions written down and presented to the PAC Board so the voice about the topic doesn't just come from the Rent Equalization Committee.

A member of the Rent Differential Committee summarized all the research and work the Committee has undertaken. What the Committee is trying to do is impress to the City the huge amount of time/effort the Committee has spent in analyzing all the

possibilities. It would cost huge amounts to get a City analyst to repeat such work for the City, at a time when the work has already been done by the Committee (which includes several subject matter experts, including someone with a PhD). The Committee doesn't want to make declarative statements to the City but wants to present the analysis work already done.

Jay asked who from the Committee would participate. Various Committee members replied: Judy, Dave and Maggie.

For information purposes only, Jay would be happy to authorize the PAC's Rent Differential Committee to present material – that describes what the problems are and the information you've accumulated over the years, but that does not approve any suggestions for resolution – to City staff with the goal of helping City staff find a (legally viable) solution.

Jay called for a motion to authorize the PAC Differential Committee to have an informational meeting with City staff.

Larry doesn't want the Committee to spend time going over past history, but instead focus on solutions. Dave agrees that going into the long history is not necessary. Dave indicated the presentation could focus on asking questions if various scenarios are possible.

Jay's motion was seconded, voted on and passed 5-0.

3. Motion to request Management to install a lock box or "combo" box to contain keys for emergency access to select people to the Clubhouse (John Hansen)

John Hansen mentioned the Clubhouse is locked during the night. In an emergency, access to the Clubhouse might be imperative. John's proposal is for Management to install an outdoor lockbox, accessible during emergencies to select residents, that contains important keys.

The select residents who would be provided access to the lockbox would be the members of the MVEST "Initial" Incident Command team.

Peggy asked for Matt's input. Matt replied he is in favor of having a secure lockbox.

Jay made a motion that PAC request Management to install a lockbox for emergency access to the Clubhouse. The motion was seconded, and voted on and passed 5-0.

4. Discussion/presentation of rent assistance, no motion (David King)

The topic was addressed earlier during the 2x2 discussion.

5. Determination of next PAC meeting date

The next meeting will be: **Wednesday, September 7, 2016 at 7 pm.**

Peggy won't be able to attend the September meeting.

G. REPORTS FROM OTHER BOARDS

1. HOL

No report.

2. MAR VAL

No report.

H. ADJOURNMENT

Before Adjournment, the Recording Secretary brought forward an agenda topic involving the digital storage of audio recordings made at each PAC Board meeting. PAC Board members indicated the topic will be added to next month's agenda.

John Feld would like the Board to reconsider at a future meeting the one-year term for the 2x2 meeting. John doesn't feel the public had time to adequately express concerns. Residents who did get a chance to comment all indicated they thought the term should be six months, not one year. John would like the topic (and vote) revisited.

John also agreed with a comment Connie made that after a Board member serves a 2x2 term, they cannot continue to serve the next term. That topic was not discussed and should be addressed at a future meeting.

Meeting adjourned at 9:55 PM.